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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte LAWRENCE C. COLE, WAYNE W. WALKWITZ, and
PAUL C. McLAUGHLIN

Appeal 2008-0893
Application 09/904,061
Technology 3700

Decided: May 7, 2008

Before HUBERT C. LORIN, LINDA E. HORNER, and
MICHAEL W. O'NEILL, *Administrative Patent Judges*.

O'NEILL, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Cole, et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-47. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM.¹

THE INVENTION

The claimed invention is directed to permitting uninterrupted game play even after the occurrence of a jackpot exceeding a threshold amount. (Spec. 3:9-10.)

Claim 11, reproduced below, is representative of the subject matter on appeal.

11. An interactive network linking at least one gaming machine and a central control unit for allowing reduced interruption game play, wherein the gaming machine is a bingo, keno, or slot machine, the network comprising:

a central storage unit in electronic communication with the central control unit, wherein the central storage unit tracks and stores player-related information adequate for compliance with reporting requirements of a taxing authority;

at least one gaming machine is in communication with the central control unit, the at least one gaming machine is arranged to register a jackpot

¹ Our decision will make reference to Appellants' Appeal Brief ("App. Br.," filed Mar. 19, 2007), Reply Brief ("Reply Br.," filed Jul. 09, 2007), and the Examiner's Answer ("Answer," mailed May 09, 2007).

greater than a threshold amount is won, wherein the at least one gaming machine sends signals representing jackpot-related information to the central control unit, and the jackpot-related information is adequate for compliance with reporting requirements of a taxing authority, wherein the interactive network enables paying out winnings over the threshold amount via a hopper pay-out to a United States-taxable player immediately after the player wins credits over the threshold amount;

wherein the central control unit automatically returns signals to the at least one gaming machine when jackpot-related information is recorded;

wherein the interactive network enables the player to continue the reduced interruption gaming session, as desired; and

a reporting unit in communication with the central control unit, wherein the reporting unit produces statements referencing player-related information and jackpot-related information, after the reduced interruption gaming session is terminated.

THE PRIOR ART

The Examiner relies upon the following as evidence of unpatentability:

| | | |
|----------|--------------|---------------|
| Bergeron | US 4,882,473 | Nov. 21, 1989 |
| Pease | US 5,326,104 | Jul. 05, 1994 |
| Bell | US 5,505,461 | Apr. 09, 1996 |
| Acres | US 6,312,333 | Nov. 06, 2001 |

THE REJECTIONS

The following rejections are before us for review:

Claims 11-19, 22-25, 27-33, 35-44, and 47 are rejected under 35 U.S.C. § 102(e) as being anticipated by Acres.

Claims 1, 2, and 4-10 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Bell in view of Acres.

Claim 3 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron and Pease.

Claims 20, 21, 26, 34, 45, and 46 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Acres as applied to claim 19, 24, 33, or 44 (if applicable) in view of Bergeron and Pease.

ISSUES

The Appellants provide a number of contentions why Acres does not anticipate claims that are rejected by Acres. The Appellants state that the claims are limited to enabling paying out winnings over the threshold amount via a hopper payout to a United States taxable player immediately after the player wins credits over the threshold amount and enabling the player to continue the reduced interruption gaming session, as desired. (App. Br. 8.) The Appellants contend Acres withholds a percentage of the winnings over the threshold amount for tax payment. (App. Br. 8.) The Appellants contend Acres' actual actions are intentionally locking up the

machine if the payout is over a pre-established threshold jackpot, performing calculations based the amount over the pre-established threshold jackpot, and reducing the amount of the payout over the threshold jackpot. Only after this series of events occurs can Acres make a payment. (App. Br. 9.) The Appellants contend Acres discloses once the reduced amount to be paid has been determined then the reduced amount is immediately approved and awarded directly at the gaming machine. As such, the immediate payout disclosed in Acres is a reduced payout. Accordingly, Acres cannot disclose an immediate payout of all winnings over the threshold amount. (App. Br. 9.) After the Examiner's Answer, the Appellants contend Acres includes the undesirable lock up period for over the threshold winnings and performs withholding so that the player is paid out a reduced amount of the over threshold winnings. (Reply Br. 2.) The only time Acres discloses no money is withheld is when the player's winnings are under the threshold jackpot amount. If the Acres award exceeds a pre-established threshold, then the machine locks up, which is inapposite to continuing reduced interruption of game play. (Reply Br. 3.) Acres fails to disclose the continuation of the reduced interruption of the gaming session after the player wins moneys over the threshold amount. (Reply Br. 4.) Acres's under the threshold amount disclosure and the claimed over the threshold amount are mutually exclusive. If the award in Acres exceeds a pre-established threshold, the winnings are reduced for withholdings. The claimed invention requires when the winnings are over the threshold amount, the player is paid immediately, achieving a reduced interruption in game play. (Reply Br. 5.)

In the Examiner's view, Acres' disclosure is dispositive in this appeal. (See e.g., Answer 17.) The Examiner's position is the Appellants' entire case rests on the supposed deficiencies in Acres – the alleged inability of Acres to make an immediate payout of any award over the threshold amount. (Answer 17-18.)

The first issue whether the Appellants have shown that the Examiner erred in rejecting the claims 11-19, 22-25, 27-33, 35-44, and 47 as being anticipated by Acres.

The second issue whether the Appellants have shown that the Examiner erred in rejecting the claims 1, 2, and 4-10 as being unpatentable over Bell in view of Acres.

The third issue whether the Appellants have shown that the Examiner erred in rejecting the claim 3 as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron and Pease.

The fourth issue whether the Appellants have shown that the Examiner erred in rejecting the claims 20, 21, 26, 34, 45, and 46 as being unpatentable over Acres as applied to claim 19, 24, 33, or 44 (if applicable) in view of Bergeron and Pease.

These issues turn on whether Acres enables paying out winnings to a player when a jackpot greater than a threshold amount is awarded by the gaming machine and enables the player to continue game play with reduced interruption.

FINDINGS OF FACT

We find that the following enumerated findings of fact are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Acres discloses a W2-G threshold amount for withholding taxes is set at \$1200 for a slot machine paying out a jackpot. (Acres, col. 1, ll. 9-15.)
2. The Internal Revenue Service's (IRS) W2-G states the withholding is currently 25%. See <http://www.irs.gov/pub/irs-pdf/fw2g.pdf>.
3. Acres discloses when the jackpot exceeds a pre-established threshold, i.e., a threshold amount of \$1200, the gaming machine sends a message through the machine interface controller (MCI) associated with the gaming machine to a server on the gaming machine network indicating the amount won and, if able, the identity of the player at the gaming machine. If the player is identifiable by the server, then the server checks to see if a player record for the player is complete. If the player record is not complete the credits for the jackpot are held in abeyance until completion of the record. (Acres, col. 6, ll. 14-24.)
4. Acres discloses the gaming machine network can be programmed to follow several actions to make a payment in compliance with the

regulations. One series of actions is, if the player record is complete enough to satisfy regulations, the gaming machine network can immediately approve the jackpot and make a payment of winnings. A payment authorization message is sent back through the gaming machine network to the MCI of the associated game machine. Then the MCI sends a message to the gaming machine to add the appropriate number of credits to its credit meter and the MCI clears the gaming machine for normal operation. The winnings of credits to be paid are determined by the jackpot and the withholding amount. If any withholding amount is specified, it is deducted from the amount of awarded credits. (Acres, col. 6, l. 50-62.)

PRINCIPLES OF LAW

Anticipation is a question of fact. *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). “A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987). However, the law of anticipation does not require that the prior art reference teach the Appellants’ purpose disclosed in the specification, but only that the claims on appeal “read on” something disclosed in the prior art reference. *See Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 772 (Fed. Cir. 1983).

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 17-18.

ANALYSIS

The Appellants argue the rejection of claims 11-19, 22-25, 27-33, 35-44, and 47 as a group. (App. Br. 8-10 and Reply Br. 4-5.) The Appellants argue the rejection of claims 1, 2, and 4-10 as a group (App. Br. 10-11 and Reply Br. 5-6). The Appellants separately argue the rejection of claim 3. The Appellants argue the rejection of claims 20, 21, 26, 34, 45, and 46 as a group. (App. Br. 11-12 and Reply Br. 7-8.) As such, we select claims 1, 3,

11, and 20 as the representative claims. Accordingly, claims 2 and 4-10 will stand or fall with claim 1. Claims 12-19, 22-25, 27-33, 35-44, and 47 will stand or fall with claim 11. Claims 21, 26, 34, 45, and 46 will stand or fall with claim 20. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

In reaching our decision in this appeal, we have given careful consideration to the Appellants' Specification and claims, to the applied prior art references, and to the respective positions articulated by the Appellants and the Examiner. Upon evaluation of all the evidence before us, it is our conclusion that the evidence adduced by the Examiner is sufficient to establish a case of anticipation and a prima facie case of obviousness with respect to the claims. Accordingly, we will affirm the Examiner's decision to reject the claims under 35 U.S.C. §§ 102 and 103. Our reasoning for this determination follows.

Anticipation by Acres

The Appellants contentions focus on Acres being incapable of functioning, when a jackpot greater than a threshold amount is won, to pay out winnings over the threshold amount immediately after the player wins credits over the threshold amount and allow the player to continue the gaming session with reduced interruption.²

² The Appellants do not contest Acres discloses the claimed features of an interactive network linking gaming machines, a central control unit, and a central storage unit which track and store player related information for reporting requirements of taxing authorities. Nor do Appellants contest the gaming machines in Acres are able to register jackpots, payout a player's winnings through a hopper, and send signals representing jackpot

Acres discloses when the jackpot exceeds a threshold dollar amount the gaming machine sends a message to a server indicating the amount of the jackpot and the identity of the player, if feasible. (Finding of Fact 3.) When the identity of the player is known and the records for the player are complete, the gaming machine network in Acres can immediately make a payment to the player of his or her winnings. (Finding of Facts 3 and 4.) If the player's information in the server is incomplete, then the player would need to complete the required information before receiving his or her winnings. (Finding of Fact 3.) Accordingly, the player would have reduced interruption in game play by having the information completed beforehand. Authorization for payment of the winnings is sent from the server to the gaming machine through the MCI. (Finding of Fact 4.) The winnings paid to the player are a function of the amount of the jackpot less any withholding amount. (*Id.*) While the MCI is sending the message to the gaming machine to add the appropriate number of credits won to the credit meter within the gaming machine, the MCI is clearing the gaming machine to continue the player's gaming session. (*Id.*)

information to a central server and the information is adequate for compliance with the reporting requirements. Nor do Appellants contest the network in Acres is able to automatically return signals to the gaming machine when jackpot-related information is recorded and permit the player to continue game play. Nor do Appellants contest Acres discloses a reporting unit in communication with the central control unit, where the reporting unit produces statements referencing player and jackpot related information after the player's gaming session is terminated.

If a player won a jackpot of \$10,000 on a slot machine on a wager of \$10.00, this amount would exceed the W-2G threshold amount of \$1200 for the withholding of taxes. (Finding of Fact 1.) The percentage of withholding would be 25%. (Finding of Fact 2.) Accordingly, the amount withheld from the jackpot would be \$2500 and the amount of winnings paid out to the player would be \$7500.

Acres would operate as follows with the above example occurring. The player wagers \$10.00 and “hits” a jackpot of \$10,000 on a gaming machine. This jackpot has exceeded the pre-established threshold or threshold amount of \$1200 that requires the jackpot to be reported to the IRS. As such, the gaming machine sends a message through the MCI to the server indicating the amount of the jackpot, \$10,000. In addition, if able, the identity of the player is sent with the message. If the player is identified and the player’s record is complete, the process continues to the next course of action, else the jackpot is held in abeyance until the record is complete. If the player’s record is complete, the network can immediately approve the jackpot and make a payment to the player. The amount of winnings paid to the player will be the amount of the jackpot less the amount to be withheld. With the above example, the winnings paid to the player would be \$7500. A payment authorization message is sent back through the network to the MCI of the gaming machine where the jackpot occurred. The MCI sends a message to the gaming machine to add the appropriate number of credits to its credit meter, in this case \$7500 worth of credits, and clears the gaming

machine for normal operation. As such, the player can continue the gaming session with the addition of \$7500 worth of credits on the gaming machine. The amount of \$7500 is over the threshold amount of \$1200, and if the player has a completed player record, the player will immediately receive credits worth \$7500 and as such can continue the gaming session with reduced interruption because the player will not stop game play to collect the award of credits being held in abeyance. Accordingly, the claim limitations of enabling payment to the player of his or her winnings when a jackpot over the threshold amount is won and continuing the gaming session with reduced interruption read-on Acres, and the Appellants have not persuaded us that the Examiner erred in his decision to reject claims as being anticipated by Acres.

We acknowledge the Appellants' contentions against Acres. However, these contentions focus on Acres teaching the Appellants' purpose disclosed in the specification. These contentions are not persuasive because the law of anticipation requires only that the claims "read on" something disclosed in Acres and not what is taught as the Appellants' purpose disclosed in the specification. The claim recites enabling paying out "winnings," it does not require that all winnings must be paid out to the player.

Obviousness with Bell, Acres, Bergeron, and Pease

The Appellants contend although Bell's player has access to the winnings on the IRS reporting credit meter, Bell's player does not have

access to the winnings for immediate cash out. (App. Br. 10.) However, “cashing out” is not claimed. Paying out winnings immediately after the player wins credits is claimed. The Appellants agree with the Examiner Bell’s player has access to the winnings on the credit meter for placing bets. (App. Br. 10.) As such, the Bell player has been paid out his or her winnings from the game the player has previously won his or her credits thereon in order to bet with the player’s winnings on the credit meter taught within Bell. The Appellants contend the claims are directed to “United States-taxable players” and IRS rules for withholding would apply. (App. Br. 10.) Bell is likewise directed to “United States-taxable players” and the IRS rules would apply, because any player playing in a gaming establishment within the borders of the United States would be a “United States-taxable player” and because the IRS rules govern the amount of withholding for winners within the borders of the United States, the IRS rules for withholding would apply. The remaining arguments by the Appellants with respect to the obviousness of claims 1, 2, and 4-10 focus on the alleged shortcomings of Acres. (App. Br. 11.) As stated above, we have reviewed Acres and find that Acres has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Acres falls short. For claim 3, the Appellants contend the shortcomings of Bell are described with respect to claim 1 and Bergeron and Pease do not cure those deficiencies. (App. Br. 11.) We have reviewed Bell and find that Bell has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Bell falls short. For claims, 20, 21, 26, 34, 35, and 46,

the Appellants' contentions again focus on the alleged shortcomings of Acres with the arguments set forth previously for claims 11, 24, 29, and 36. (App. Br. 11-12.) As stated above, we have reviewed Acres and find that Acres has no shortcomings with respect to reading on the claimed limitations that the Appellants contend Acres falls short. Accordingly, the Appellants have not persuaded us the Examiner has erred in his decision to reject claims 1, 2, and 4-10 as being unpatentable over Bell and Acres, claim 3 as being unpatentable over Bell, Acres, Bergeron, and Pease, and claims 20, 21, 26, 34, 45, and 46 as being unpatentable over Acres, Bergeron, and Pease.

CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 11-19, 22-25, 27-33, 35-44, and 47 as being anticipated by Acres. We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1, 2, and 4-10 as being obvious over Bell and Acres. We conclude that the Appellants have not shown that the Examiner erred in rejecting claim 3 as being obvious over Bell, Acres, Bergeron, and Pease. We conclude that the Appellants have not shown that the Examiner 20, 21, 26, 34, 45, and 46 as being obvious over Acres, Bergeron, and Pease.

DECISION

The decision of the Examiner to reject claims 1-47 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED

jlb

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